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# 46th ANNUAL REPORT 1957-58



## ALBERTA GOVERNMENT TELEPHONES

**Cover Picture.....**

**CALGARY. The New  
Alberta Government Telephones  
Toll Building.**

**46th**

**Annual Report**

**YEAR ENDED 31st MARCH**

**1958**

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**ALBERTA      GOVERNMENT      TELEPHONES**

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Edmonton, Alberta.

October 1, 1958.

To His Honour,

J.J. Bowlen,

Lieutenant Governor of the Province of Alberta,

Edmonton, Alberta.

Sir:-

I have the honour to transmit the Forty-sixth Annual  
Report of the Department of Telephones for the year ended March 31st 1958.

I have the honour to be, Sir,

Your obedient servant,

Gordon E. Taylor,

Minister of Telephones.

Edmonton, October 1, 1958.

Honorable Gordon E. Taylor,  
Minister of Telephones,  
Province of Alberta,  
EDMONTON, Alberta.

Dear Sir:-

It is an honor to present herewith the forty-sixth Annual Report of The Alberta Government Telephones for the fiscal year ending March 31st, 1958.

The growth of our System continues, as will be seen from the following statements and statistics. However, a reduction in the rate of increase in long distance business was evident during the latter part of the fiscal year, although the increase in the number of telephones in service was higher than in any previous year.

Due principally to the completion of the Alberta portion of the Trans-Canada Microwave System, our physical plant investment increased by over twenty-one million dollars (\$21,000,000.00). We are committed to additional expenditures for the introduction of Operator Distance Dialing and Toll Centering programs which will increase the efficiency of our Long Distance service.

Engineering for the expansion of our telephone plant is based on the continued expansion of the provincial economy. Your Management is conscious, however, of the need for revenues to meet the costs of maintaining and operating the plant. This is becoming more difficult with continuing increases in salaries and equipment costs



and it is evident that a review of our rate structure, unchanged for thirty-two years, will soon be required.

## **Revenue**

Despite a general slackening in activity in the business community, our operating revenues of \$20,645,862 showed an increase of 8.7% over last year. Exchange service revenue at \$8,381,134 increased by 11.8% and toll service revenues by 6.6%. Included in exchange revenues is teletype revenue of \$772,362 which increased 1.5% over last year. The increase in exchange and toll revenues is due almost entirely to the increase in exchange stations over the past year. Miscellaneous revenue of \$821,774.00 showed an increase of 8.8%.

## **Operating Expenses**

Total operating expenses of \$11,415,937 were up 18.8% over the previous year. The greater part of this increase was due to increased maintenance costs which totalled \$3,788,125 for the year, an increase of 33.5% over last year. This increase in maintenance costs has come about as a result of our greater investment in new and improved central office equipment and the resulting increased wage and training costs for maintenance personnel. Other operation costs of \$7,627,813 were up 12.6% over last year and reflect increased wage and material costs as well as the increase in staff requirements in all departments. The allowance for depreciation of plant and equipment, totalling \$3,541,149 was up 11.1%.

## Interest & Other Charges

Interest and bank charges totalled \$2,250,788, up 30.7% over the previous year and reflecting the cost of the substantial borrowings required to meet the heavy construction program which is still in progress.

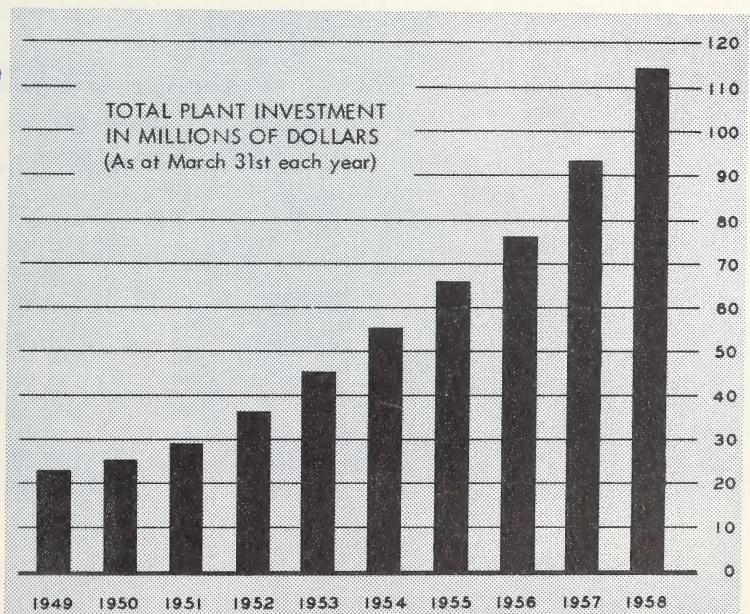
Pension fund contributions charged to expense were \$485,770, practically no change from the previous year. This year in line with the practice in other major telephone companies an appropriate portion of the pension fund contribution was capitalized. This portion that is capitalized is determined by calculating the ratio of wages capitalized to total wages paid.

## Earned Surplus

The earned surplus of \$2,991, 846 is down \$1,076,575 from last year and shows the effect of the more rapid increase in expenses than in revenues and also the decided decline in rate of increase in toll earnings.

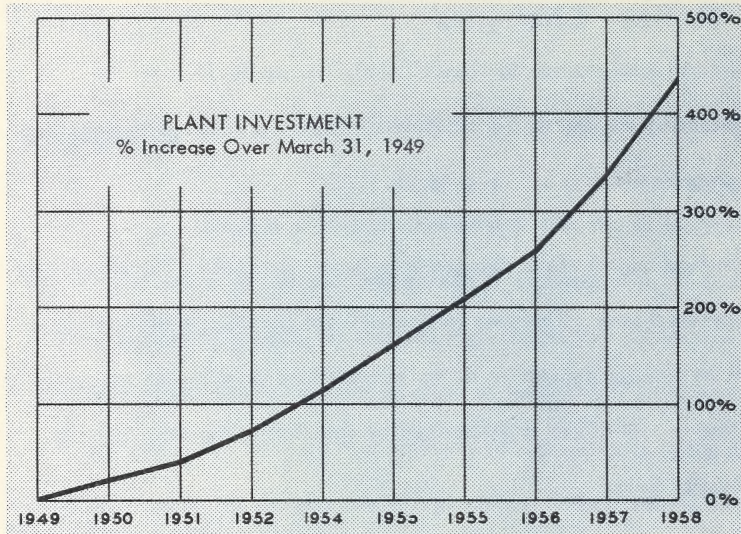
## Telephone Plant

The increase in plant has once more set a new record as a result of completion of our portion of the continent wide





microwave system, and the continuing heavy investment in buildings and central office equipment



required to meet exchange and toll service development. Total plant investment is now \$114,623,124, an increase of \$21,217,402 during the past year.

## Telephone Debt

Borrowings from the Provincial Treasurer for plant extension totalled

\$10,000,000 for the fiscal year. During the year payments of \$1,747,857 were made to reduce the principal, and \$2,029,406 in interest. Additional funds required to carry out the construction program were obtained by means of a bank overdraft.

The following schedule shows the debt position at March 31, 1958.

Original Amount of Loan	Principal Repaid	Interest Payment	Total Payment	Outstanding Debt March 31, 1958
\$18,000,000.00	\$4,311,132.27	\$ 6,476,723.74	\$10,787,856.01	\$13,688,867.73
2,000,000.00	419,374.97	415,317.00	834,691.97	1,580,625.03
5,000,000.00	884,955.73	853,488.91	1,738,444.64	4,115,044.27
7,000,000.00	1,016,777.42	1,016,610.05	2,033,387.47	5,983,222.58
8,000,000.00	862,589.40	1,117,780.57	1,980,369.97	7,137,410.60
8,000,000.00	635,592.12	844,974.73	1,480,566.85	7,364,407.88
7,000,000.00	364,293.96	486,568.68	850,862.64	6,635,706.04
10,000,000.00	255,696.13	382,398.51	638,094.64	9,744,303.87
10,000,000.00	-	180,123.29	180,123.29	10,000,000.00
<u>\$75,000,000.00</u>	<u>\$8,750,412.00</u>	<u>\$11,773,985.48</u>	<u>\$20,524,397.48</u>	<u>\$66,249,588.00</u>



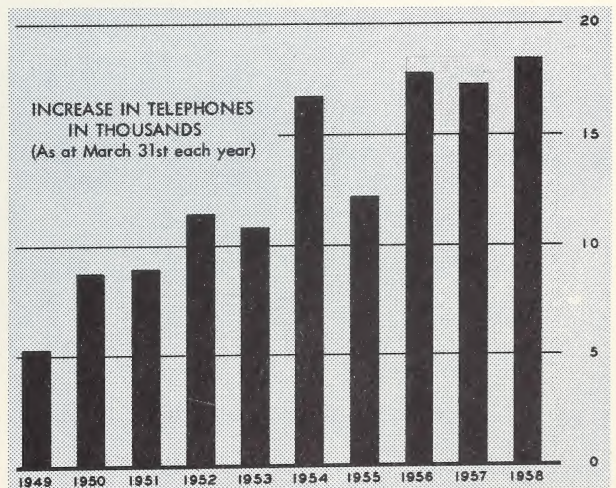
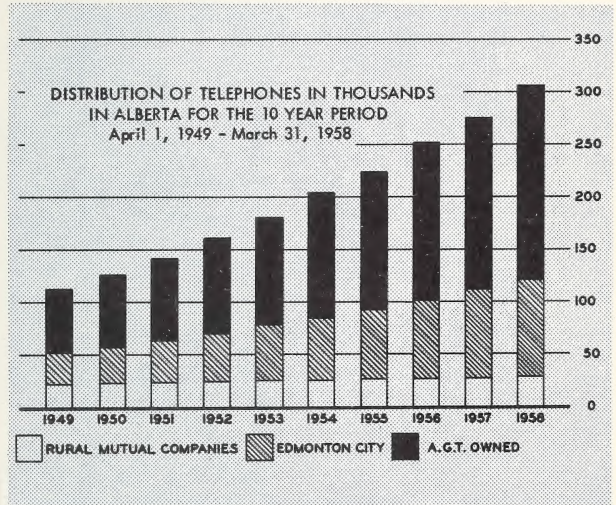
## Exchange Telephones

By the end of the fiscal year we were giving service to 308,399 telephones in the Province, made up as follows:-

A.G.T. Owned	184,311
Rural Mutual Co. Owned	28,655
City of Edmonton Owned	95,433
	<u>308,399</u>

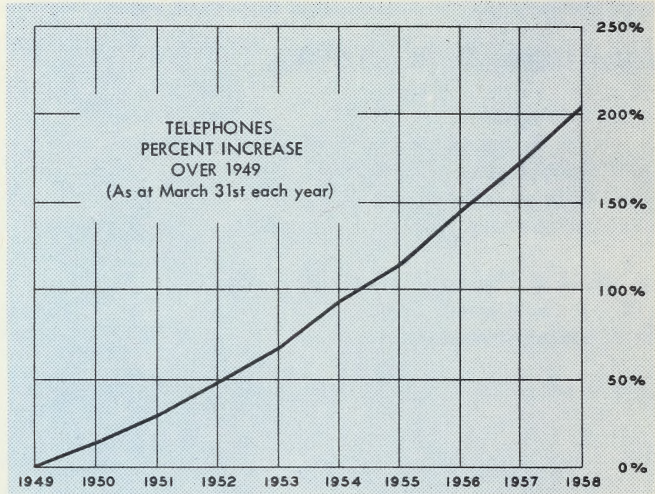
The net gain in A.G.T. stations was 18,547 for the year, compared with 17,364 for the previous year. This continued growth in exchange stations has been fairly uniform throughout the system despite the general curtailment in most lines of business activity. At March 31, 1958 there were 2,759 applicants waiting for service, the majority of these being in Calgary.

During the year, ten manual exchanges were converted to dial operation, in keeping with our policy of modernization and improvement of



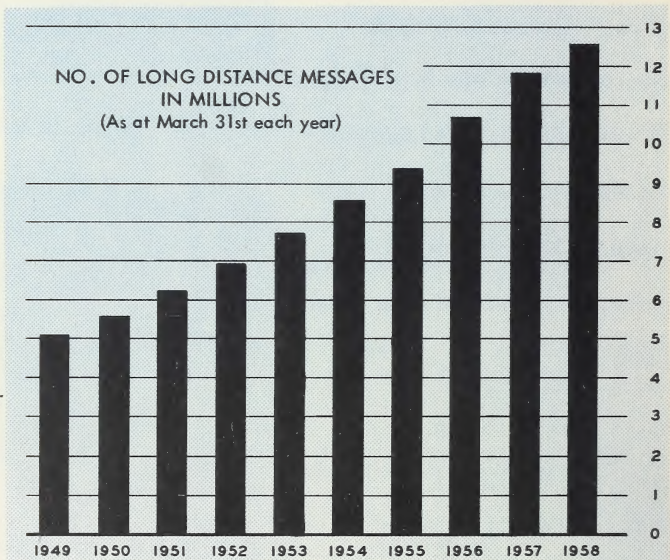


the service as quickly as is economically possible. We now provide dial service in 60 exchanges and manual in the remaining 327 offices.



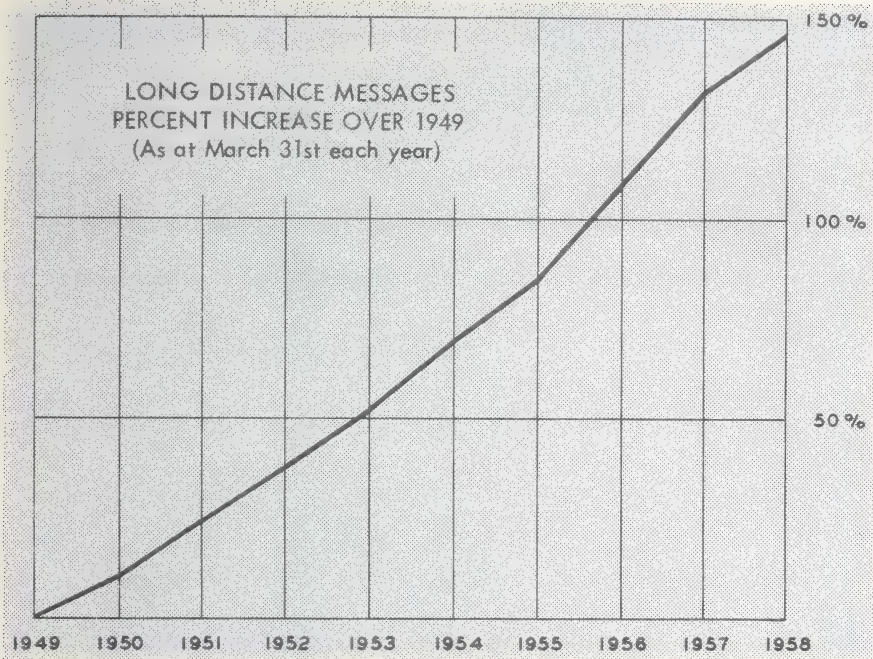
## Long Distance

A major step toward the provision of long distance circuits was taken with the completion of our portion of the Trans-Canada microwave radio relay system during the latter part of 1957. This system should provide adequate facilities for the expected growth in toll business over the next few years.



A total of 12,545,812 long distance messages were completed during the last fiscal year, an increase of 739,983 over the total for the previous year.





## Special Services

We are supplying complete mobile communications to five pipe line companies in Alberta. Negotiations with other firms are progressing for provision of similar systems and low power industrial mobile systems.

Terminals for Direct Dispatch Service are being established in Calgary, Edmonton and Lethbridge. This service will provide mobile dispatching to operators of city pick-up and delivery fleets. Several firm orders are being held pending the availability of this service.

Plans are under way to convert our network for General Mobile Service from voice calling to selective signalling. Several new terminals have been added to the network. We have inaugurated our new rental plan whereby subscribers may rent mobile

units from us on a monthly basis.

The A.G.T. has the distinction of having more mobile telephone sets in operation than any other company of the Trans-Canada System. At present we provide service to 772 privately-owned units and 30 A.G.T. owned units for a total of 802 and it is expected that the use of mobile equipment will increase with the provision of sets on a rental basis.

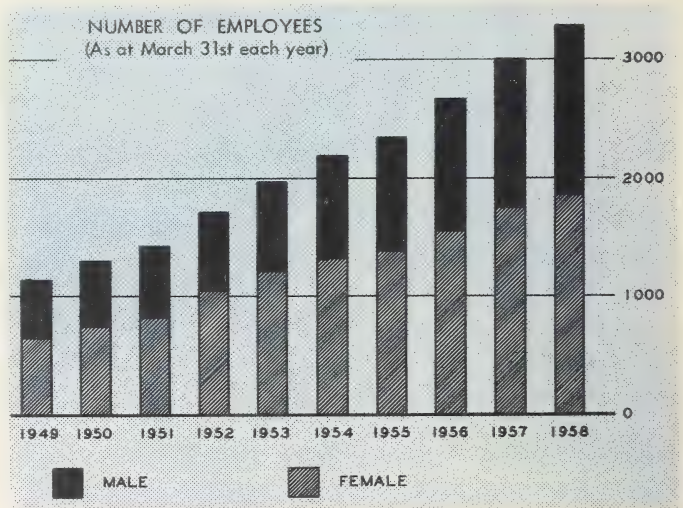
## Pension Fund

There were 2,322 employees in the Pension Plan at the close of the fiscal year, 982 female and 1,340 male, an increase of 271 over the previous year. A total of \$275,327.28 was paid during the year to 192 pensioners, for an average pension of \$124.43 at March 31st.

Pension Fund investments at March 31st, 1958 consisted of Government of Canada, Provincial and Municipal bonds with a par value of \$6,971,000.00. In addition there was a cash balance of \$258,531.37 on hand available for investment.

## Employees

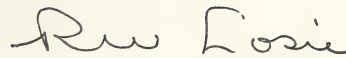
Our employee body continues to grow with the growth of the system and now totals 3,295 regular employees. The continued





improvement in telephone equipment and consequent changes in operating practices and maintenance requirements has put an extra load on those supervisory personnel responsible for meeting service demands.

I wish to commend the loyalty and devotion to duty of our employees who have made possible the excellent record of the System during the past fiscal year.

A handwritten signature in dark ink, appearing to read "Ru Lorie". The script is fluid and cursive, with the first name "Ru" and last name "Lorie" clearly distinguishable.

GENERAL MANAGER



# ALBERTA GOVERNMENT

**March 31st, 1949**

**to**

**March 31st, 1958**

	1949	1950	1951	1952
<b>NUMBER OF TELEPHONES</b>				
System Owned	60,739	69,716	78,741	90,371
Rural Mutual Company	22,456	23,286	24,144	24,811
Private System	30,284	35,328	40,937	47,721
<b>TOTAL</b>	<b>113,479</b>	<b>128,330</b>	<b>143,822</b>	<b>162,903</b>
Percent Dial Telephones	66.2%	67.6%	68.6%	70.0%
<b>TELEPHONE MOVEMENT</b>				
Connected	14,380	20,930	23,239	29,181
Disconnected	9,147	11,953	14,214	17,681
<b>INCREASE</b>	<b>5,233</b>	<b>8,977</b>	<b>9,025</b>	<b>11,551</b>
<b>NUMBER OF EXCHANGES</b>	<b>309</b>	<b>324</b>	<b>327</b>	<b>331</b>
<b>NUMBER OF TOLL OFFICES</b>	<b>209</b>	<b>215</b>	<b>216</b>	<b>217</b>
<b>LONG DISTANCE MESSAGES</b>	<b>5,092,794</b>	<b>5,602,546</b>	<b>6,258,353</b>	<b>6,950,911</b>
<b>TOTAL PLANT</b>	<b>\$21,467,010</b>	<b>25,650,608</b>	<b>29,586,373</b>	<b>36,516,811</b>
<b>TOTAL EARNINGS</b>	<b>\$ 6,092,547</b>	<b>6,984,055</b>	<b>8,126,446</b>	<b>9,314,101</b>
<b>TOTAL EXPENSES</b>	<b>\$ 4,104,659</b>	<b>4,730,362</b>	<b>5,367,639</b>	<b>6,575,581</b>
<b>SURPLUS</b>	<b>\$ 1,987,888</b>	<b>2,253,693</b>	<b>2,758,807</b>	<b>2,738,621</b>
<b>EMPLOYEES</b>				
Men	478	513	588	661
Women	661	746	825	1,051
<b>TOTAL PAYROLL</b>	<b>\$ 2,010,571</b>	<b>2,506,486</b>	<b>2,978,088</b>	<b>3,958,411</b>



# MENT TELEPHONES

1953	1954	1955	1956	1957	1958
101,301	118,179	130,386	148,375	165,764	184,311
25,854	26,599	27,330	27,669	27,925	28,655
53,989	60,069	67,224	75,043	84,748	95,433
181,144	204,847	224,940	251,087	278,437	308,399
70.6%	73.2%	75.0%	78.1%	78.9%	79.9%
25,467	29,518	24,589	36,260	39,169	40,742
14,503	12,640	12,380	18,275	21,805	22,195
10,964	16,878	12,209	17,985	17,364	18,547
350	367	372	374	379	387
216	198	185	177	168	163
7,719,426	8,569,511	9,389,106	10,681,658	11,805,829	12,545,182
45,562,898	55,652,203	66,099,199	76,669,937	93,405,722	114,623,124
10,720,823	12,494,470	14,085,274	16,440,052	19,087,105	20,685,490
7,913,449	9,594,653	10,470,519	12,461,656	15,018,684	17,693,644
2,807,374	2,899,817	3,614,755	3,978,396	4,068,421	2,991,846
753	856	949	1,099	1,238	1,431
1,217	1,339	1,383	1,569	1,760	1,864
4,726,224	5,481,912	6,054,521	7,103,698	8,232,043	9,955,164



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GOVERNMENT OF THE PROVINCE OF ALBERTA  
OFFICE OF THE PROVINCIAL AUDITOR

Edmonton, July 15, 1958.

Honourable Gordon E. Taylor,  
Minister of Telephones,  
Buildings.

I have audited the books and records of the Alberta Government Telephones for the year ended March 31, 1958. The following statements are submitted herewith:

<u>Statement</u>	<u>Particulars</u>
A.	Balance Sheet
B.	Surplus Account
C.	Condensed Statement of Income
D.	Depreciation and Renewal Reserve
	Alberta Government Telephones Pension and Death Benefit Fund:
E.	Balance Sheet
F.	Statement of Operations

Operations for the year resulted in a net income of \$2,991,845.90 after providing \$2,243,541.69 for interest on debt, \$3,541,148.58 for depreciation and renewal reserve and \$92,674.92 being the net operating costs in respect of radio station CKUA. The net income was carried to the surplus account from which was appropriated \$3,490,829.27 for acquirement of capital assets, leaving a nil balance in the surplus account as at March 31, 1958.

Pension and death benefit fund assets are subject to the comments in the certificate attached to the Pension and Death Benefit Fund Balance Sheet.



The Alberta Government Telephones have the following estimated contingent liabilities which were not reflected on the Balance Sheet as at March 31, 1958:

In respect of commitments for purchase of equipment for future delivery	\$11,742,000.00
In respect of uncompleted building contracts	1,750,000.00

Subject to the foregoing, I certify that, in my opinion, the accompanying Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones as at March 31, 1958, according to information and explanations given to me and as shown by the books of the Alberta Government Telephones, and the accompanying Condensed Statement of Income correctly sets forth the result of operations for the year ended at that date.

C. K. HUCKVALE, F.C.A.  
Provincial Auditor

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

BALANCE SHEET AS AT MARCH 31, 1958

**ASSETS**

**CAPITAL:**

Telephone plant:		
Real estate	\$ 17,523,805.03	
Equipment	55,504,088.41	
Exchange lines	20,548,265.92	
Toll lines	18,725,624.89	
Office furniture and fixtures	994,272.92	
Tools, vehicles and sundry equipment	1,099,744.90	
Deferred construction charges	<u>227,321.79</u>	
		\$ 114,623,123.86
Materials and supplies		<u>5,596,961.94</u>
		\$ 120,220,085.80

**CURRENT:**

Cash on hand, in banks and treasury branches	\$ 154,220.46	
Accounts receivable less allowance for doubtful accounts	2,399,881.88	
Prepaid expenses	202,045.44	
Due from capital account	<u>692,778.83</u>	
		3,448,926.61

**RESERVE FUNDS:**

Depreciation and renewal reserve assets, Statement D	\$ 1,260,944.85	
Pension and death benefit fund, Statement E	<u>7,306,933.04</u>	
		8,567,877.89

**TRUST FUNDS:**

Due from current account	\$ 2,460.62	
Government of Canada bonds	<u>220,951.66</u>	
		<u>223,412.28</u>
		<u>\$ 132,460,302.58</u>



## LIABILITIES

**CAPITAL:**

Advance from Provincial Treasurer	\$ 66,249,588.00
Capital surplus arising from capital assets acquired from revenue funds	24,950,129.38
Depreciation and renewal reserve invested in plant	21,292,147.78
Temporary borrowings, bank overdraft	7,035,441.81
Due to current account	<u>692,778.83</u>
	<u>\$ 120,220,085.80</u>

**CURRENT:**

Accounts payable	\$ 1,784,087.35
Wages payable	433,359.73
Accrued interest, not due	763,965.60
Unearned revenue	465,053.31
Due to trust funds	<u>2,460.62</u>
	3,448,926.61

**RESERVES:**

Depreciation and renewal reserve	\$22,553,092.63
Less: Investment in plant	<u>21,292,147.78</u>
	\$ 1,260,944.85
Pension and death benefit reserve	<u>7,306,933.04</u>
	8,567,877.89

**TRUST:**

Employees' accounts	\$ 127,485.20
Government of Canada bond instalments payable	<u>95,927.08</u>
	<u>223,412.28</u>
	<u>\$ 132,460,302.58</u>

This is the Balance Sheet referred to in my report of July 15, 1958, addressed to the Minister of Telephones.

C. K. HUCKVALE, F.C.A.  
Provincial Auditor

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

SURPLUS ACCOUNT AS AT MARCH 31, 1958

SURPLUS AS AT APRIL 1, 1957	\$ 498,983.37
Add:	
Net operating income for the year ended March 31, 1958	<u>2,991,845.90</u>
	\$3,490,829.27
 Deduct:	
Appropriation for acquirement of capital assets	<u>3,490,829.27</u>
SURPLUS AS AT MARCH 31, 1958	\$     --

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GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

CONDENSED STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 1958

TELEPHONE OPERATING REVENUE:

Toll earnings	\$11,235,767.35
Exchange earnings	7,608,771.74
Connecting companies' rentals	207,186.73
Teletype earnings	<u>772,362.24</u>

\$19,824,088.06

OTHER REVENUE

Installations, moves, etc.	\$ 328,443.89
Directory	274,810.91
Leased line rentals	257,482.32
Miscellaneous	<u>664.38</u>

861,401.50

GROSS TELEPHONE EARNINGS:

\$20,685,489.56

TELEPHONE OPERATING EXPENSES:

Operations	\$ 7,627,812.51
Maintenance	<u>3,788,124.62</u>

\$11,415,937.13

Provision for depreciation and  
renewal

3,541,148.58

Interest on debt

2,243,541.69

Bank charges

7,246.60

Pension fund contributions

485,769.66

17,693,643.66

NET OPERATING INCOME FOR THE  
YEAR ENDED MARCH 31, 1958

\$ 2,991,845.90

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

DEPRECIATION AND RENEWAL RESERVE

FOR THE YEAR ENDED MARCH 31, 1958

RESERVE AS AT APRIL 1, 1957		\$19,907,665.18
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Add:

Provision during the year	\$ 3,644,328.37	
Interest earnings	<u>38,157.81</u>	
		<u>3,682,486.18</u>
		\$23,590,151.36

Deduct: Charges to reserve:

Plant displaced, net	\$ 622,633.20	
Cost of removing plant	111,125.46	
Rearrangements and alterations at Edmonton District office chargeable to reserve	184,899.20	
Obsolete, worthless equipment and supplies written off	54,848.68	
Sundry equipment replaced, net	49,711.61	
Loss on disposition of buildings, etc.	5,500.69	
Loss on sale of lines	1,183.40	
Other charges, net	<u>7,156.49</u>	
		<u>1,037,058.73</u>

RESERVE AS AT MARCH 31, 1958		<u><u>\$22,553,092.63</u></u>
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Represented by:

Cash in bank	\$ 24,871.45	
Investments:		
Government of Canada bonds, par value (Market value \$1,186,600.00)	1,230,000.00	
Accrued interest	<u>6,073.40</u>	
		\$ 1,260,944.85

Plant investment		<u>21,292,147.78</u>
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\$22,553,092.63



GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

PENSION AND DEATH BENEFIT FUND

BALANCE SHEET AS AT MARCH 31, 1958

**ASSETS**

Cash on hand and in bank		\$ 258,531.37
Investments at book value	\$6,971,000.00	
Accrued interest	<u>77,401.67</u>	
		<u>7,048,401.67</u>
		<u>\$7,306,933.04</u>

**LIABILITIES**

Pension and Death Benefit Fund Reserve:		
Employees' accounts		\$1,762,903.71
Alberta Government Telephones' account		<u>5,544,029.33</u>
		<u>\$7,306,933.04</u>

Edmonton, Alberta  
July 15, 1958

I have audited the books and records of the Alberta Government Telephones' Pension and Death Benefit Fund for the year ended March 31, 1958.

Investments were verified by actual examination and are summarized hereunder:

<u>Bonds and debentures</u>	<u>Par value</u>
Government of Canada, direct and guaranteed	\$1,615,000.00
Provincial, direct and guaranteed	3,016,000.00
Municipal	2,140,000.00
School districts	<u>200,000.00</u>
	<u>\$6,971,000.00</u>

The approximate market value of the above securities amounted to \$6,357,000.00 as at March 31, 1958.

An actuarial survey as at December 31, 1957, indicates that the fund as presently constituted, will be sufficient to meet all future requirements.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Pension and Death Benefit Fund as at March 31, 1958, according to the information and explanations given to me and as shown by the books of the Fund, and the accompanying Statement of Operations correctly summarizes the transactions for the year ended at that date.

C.K. HUCKVALE, F.C.A.  
Provincial Auditor



GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

PENSION AND DEATH BENEFIT FUND

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 1958

	<u>Employees'</u> <u>Account</u>	<u>Alberta</u> <u>Government</u> <u>Telephones'</u> <u>Account</u>	<u>Total</u>
Pension and death benefit fund reserve as at April 1, 1957	\$1,533,371.62	\$4,946,828.74	\$6,480,200.36
Add: Contributions, earnings and transfers:			
Contributions	371,282.42	593,024.18	964,306.60
Earnings	45,023.73	208,972.10	253,995.83
Transfers in respect of employees retiring on pension	<u>70,531.59</u>	<u>70,531.59</u>	
	<u>\$1,879,146.18</u>	<u>\$5,819,356.61</u>	<u>\$7,698,502.79</u>
Deduct:			
Pension payments	\$ 116,242.47	\$ 275,327.28	\$ 275,327.28
Withdrawals			116,242.47
	<u>\$ 116,242.47</u>	<u>\$ 275,327.28</u>	<u>\$ 391,569.75</u>
Pension and death benefit fund reserve as at March 31, 1958	<u>\$1,762,903.71</u>	<u>\$5,544,029.33</u>	<u>\$7,306,933.04</u>





LINK

Part of the Edmonton  
Operating Room show-  
ing operating staff  
with supervisors.





